



STATE OF CALIFORNIA



GOVERNOR'S
**BUDGET
SUMMARY**

2004-05

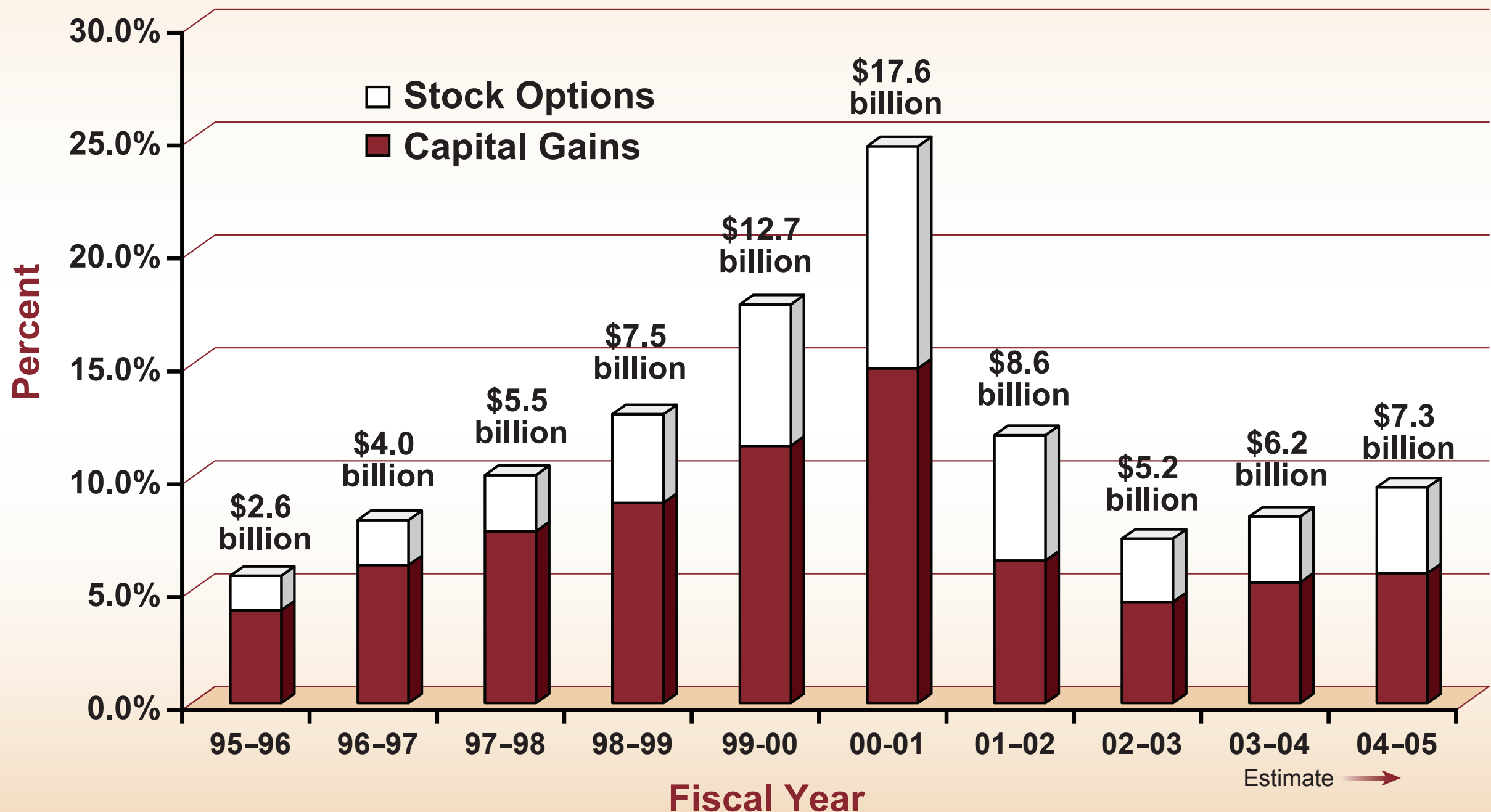
Arnold Schwarzenegger, Governor
State of California

Total Inherited Debt

Accumulated Deficit Through 2002–03 ^{1/}	\$9.3 billion
Operating Deficit in 2003–04 ^{1/}	<u>3.0 billion</u>
Total Accumulated Deficit ^{1/}	\$12.3 billion
Effect of Prior Decisions After 2003–04	<u>9.8 billion</u>
Total Inherited Debt	\$22.1 billion

^{1/} In November, the audit projected accumulated deficit through 2002–03 at \$10.6 billion, operating deficit in 2003–04 at \$4.3 billion, and total accumulated deficit at \$14.9 billion. Since then, natural revenue growth and expenditure decreases have exceeded expectations.

Capital Gains and Stock Options Revenue as a Percent of Total General Fund Revenue

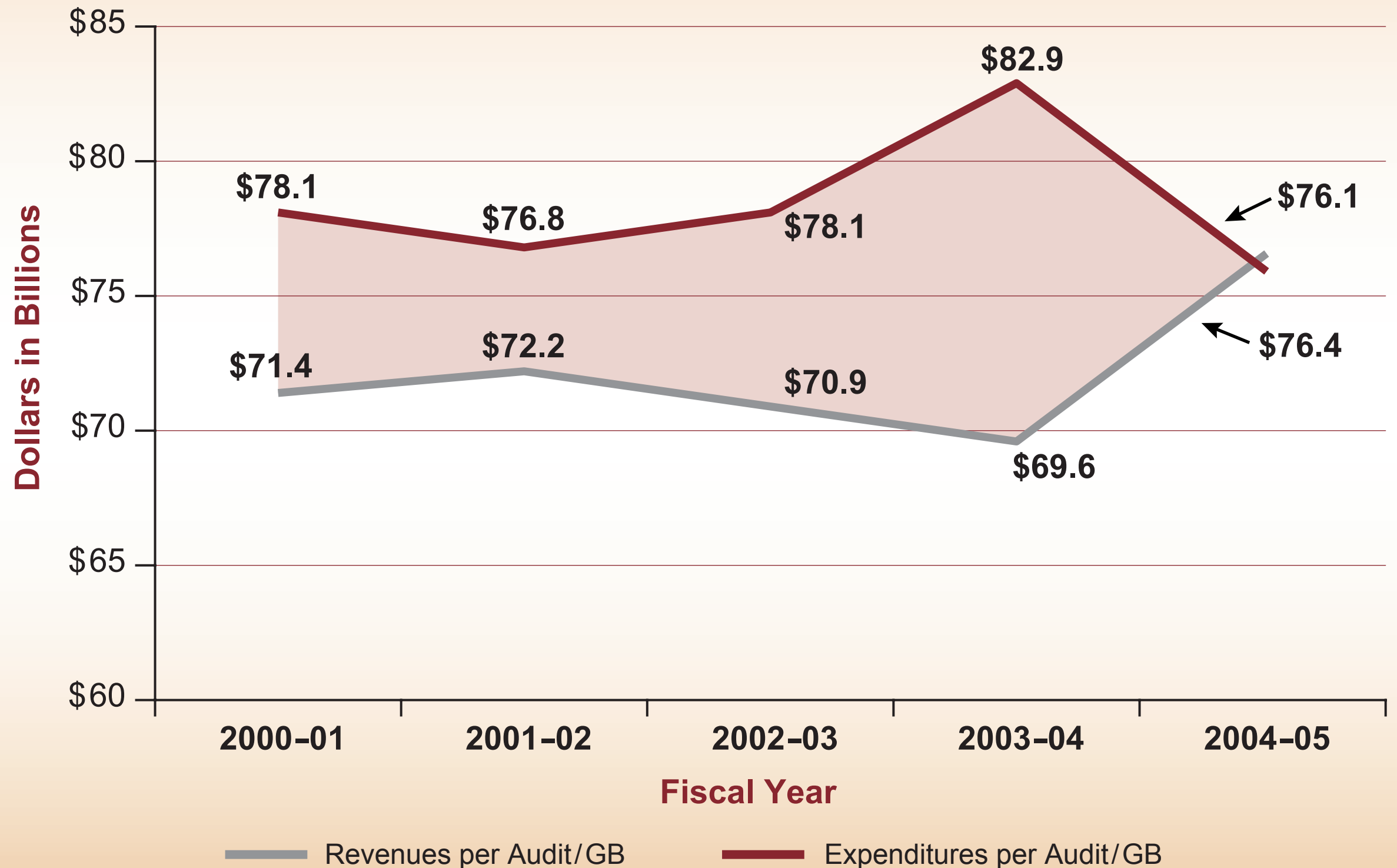


Note: An assumed tax rate of 9 percent was used to calculate the tax revenue from capital gains and stock options.

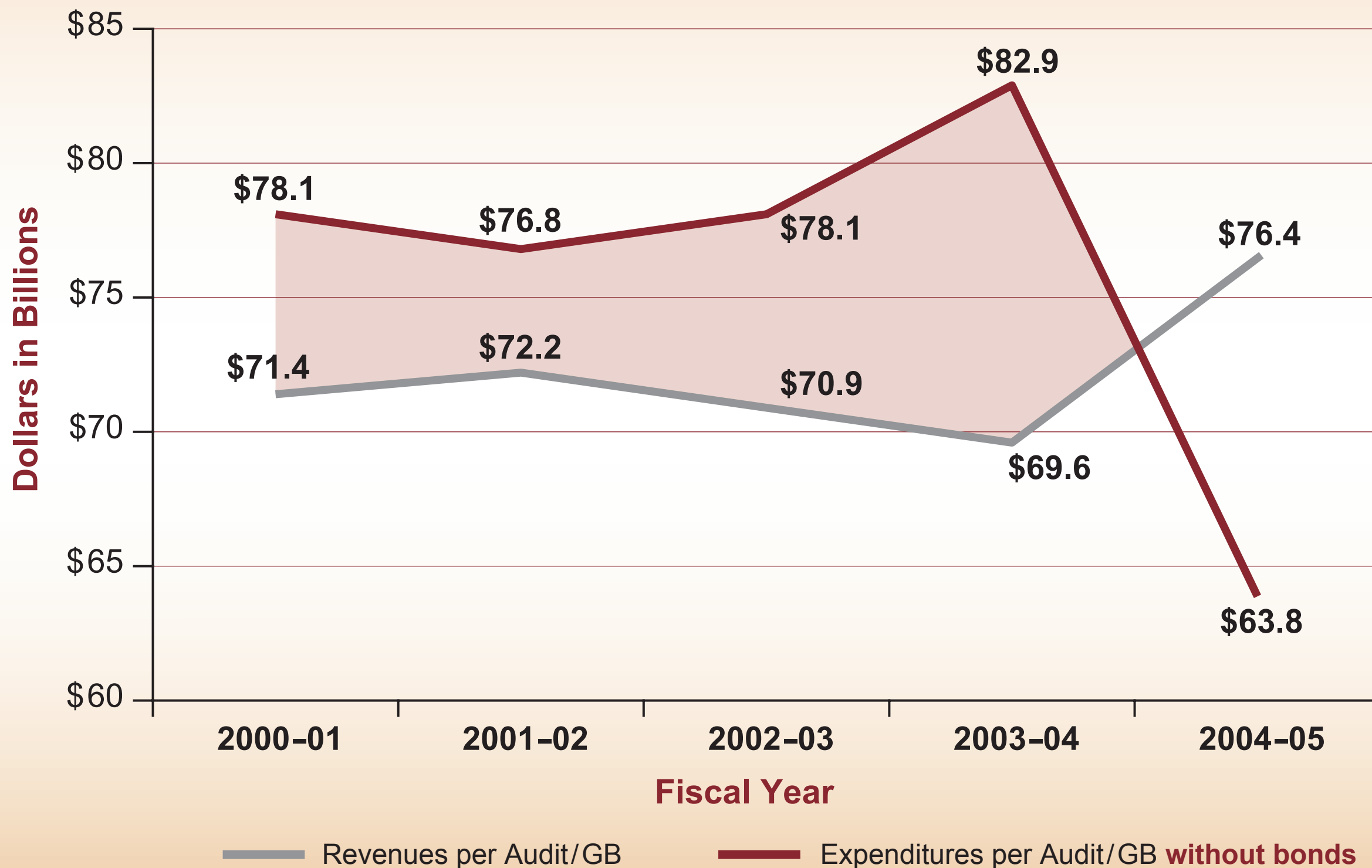
California Recovery Plan

- Economic Recovery Bond Act.
- Constitutional amendment requiring balanced budgets, rainy-day fund, and new authority to control spending.
- A budget for 2004–05 that moves toward structural balance.
- Improving California's business and jobs climate.

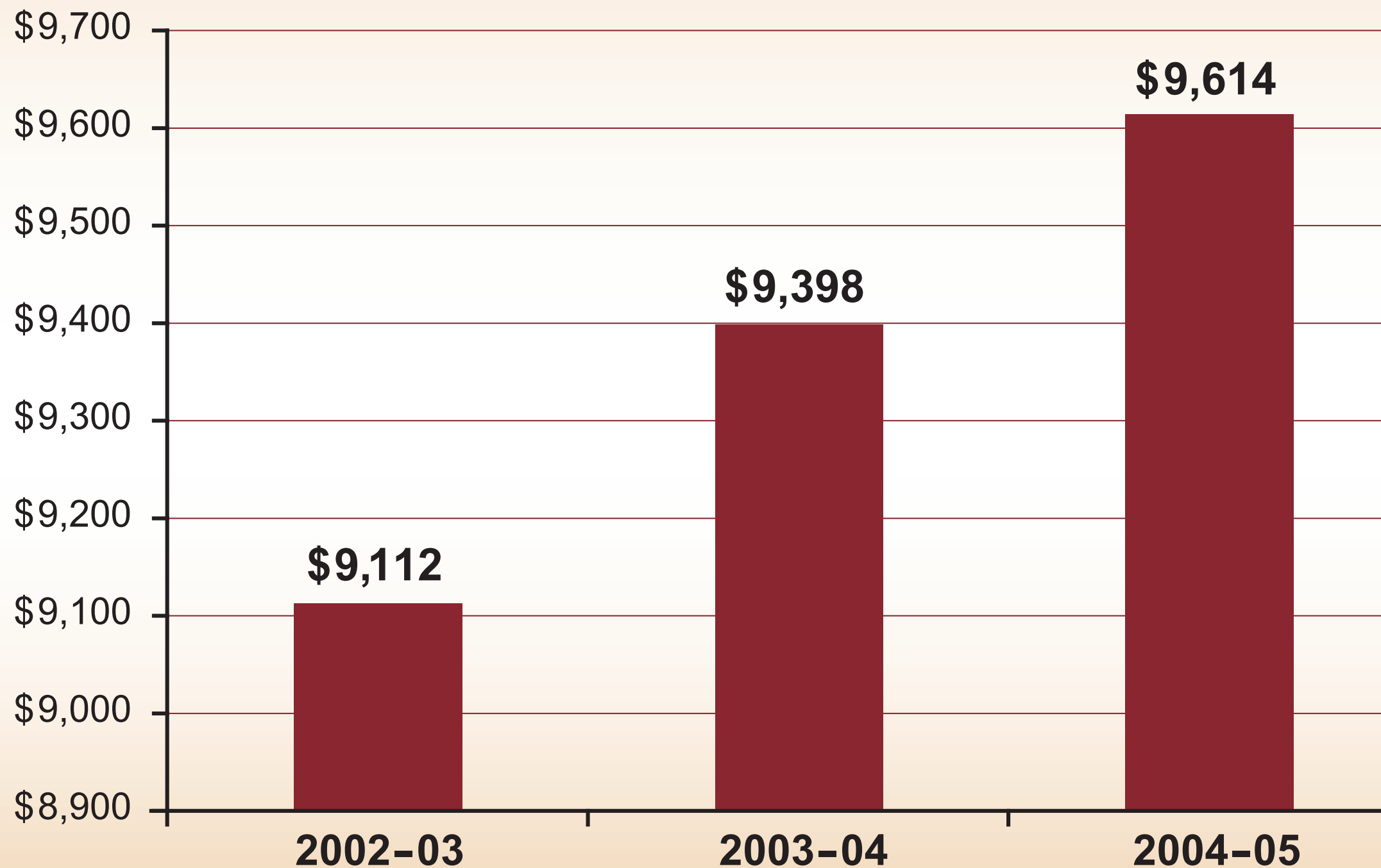
Why Recovery Bond Is Critical



Why Recovery Bond Is Critical



K-12 Education Spending Per Pupil



Bringing Spending Back In Line

